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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72205; File Nos. SR-NYSE-2013-72; SR-NYSEMKT-2013-91]

Self-Regulatory Organizations; New York Stock Exchange LLC; NYSE MKT LLC; Notice of Designation of Longer Period for Commission Action on Proceedings to Determine Whether to Disapprove Proposed Rule Changes to Establish an Institutional Liquidity Program on a One-Year Pilot Basis

May 21, 2014.

On November 7, 2013, New York Stock Exchange LLC (“NYSE”) and NYSE MKT LLC (“NYSE MKT”) (together, the “Exchanges”) each filed with the Securities and Exchange Commission (“Commission”) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to establish an Institutional Liquidity Program (“ILP” or “Program”) on a one-year pilot basis. The proposed rule changes were published for comment in the Federal Register on November 27, 2013.³

The Commission received three comments on the NYSE Proposal.⁴ On January 9, 2014, the Commission designated a longer period for Commission action on the proposed rule changes,

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release Nos. 70909 (November 21, 2013), 78 FR 71002 (SR-NYSE-2013-72) (“NYSE Proposal”); and 70910 (November 21, 2013), 78 FR 70992 (SR-NYSEMKT-2013-91) (“NYSE MKT Proposal”) (collectively, the “Proposals”).

⁴ See Letters to the Commission from James Allen, Head, and Rhodri Pierce, Director, Capital Markets Policy, CFA Institute (Dec. 18, 2013) (“CFA Letter”); Clive Williams, Vice President and Global Head of Trading, Andrew M. Brooks, Vice President and Head of U.S. Equity Trading, and Christopher P. Hayes, Vice President and Legal Counsel, T. Rowe Price Associates, Inc. (Dec. 18, 2013) (“T. Rowe Price Letter”); and Theodore R. Lazo, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association (Dec. 20, 2013) (“SIFMA Letter”). The Commission notes that these comment letters address the NYSE Proposal only. However, since the Proposals are nearly identical, the Commission will consider the letters to address the NYSE MKT Proposal as well.

until February 25, 2014.⁵ The Exchanges submitted a consolidated response letter on January 14, 2014.⁶ On February 25, 2014, the Commission instituted proceedings to determine whether to disapprove the Proposals.⁷

Section 19(b)(2) of the Act⁸ provides that, after initiating disapproval proceedings, the Commission shall issue an order approving or disapproving the proposed rule changes not later than 180 days after the date of publication of notice of their filing. The Commission, however, may extend the period for issuing an order approving or disapproving the proposed rule changes by up to 60 days if the Commission determines that a longer period is appropriate and publishes the reasons for such determination. In this case, the proposed rule changes were published for notice and comment in the Federal Register on November 27, 2013; May 26, 2014, is 180 days from that date, and July 25, 2014, is 240 days from that date.

The Commission finds it appropriate to designate a longer period within which to issue an order approving or disapproving the proposed rule changes so that it has sufficient time to consider the Program and the issues that commenters have raised concerning the Program. Specifically, as the Commission observed in the Order Instituting Proceedings, the Proposals raise several notable issues, including whether the Program would create undue complexity or segment order flow in a manner that might inhibit price discovery and order interaction. The Commission's resolution of these issues could have an impact on overall market structure. As a

⁵ See Securities Exchange Act Release No. 71267, 79 FR 2738 (January 15, 2014).

⁶ See Letter to the Commission from Janet McGinnis, EVP & Corporate Secretary, NYSE Euronext (Jan. 14, 2014) ("Response Letter").

⁷ See Securities Exchange Act Release No. 71609, 79 FR 11849 (March 3, 2014) ("Order Instituting Proceedings").

⁸ 15 U.S.C. 78s(b)(2).

result, the Commission continues to evaluate whether the Proposals are consistent with the requirements of the Act.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,⁹ designates July 25, 2014, as the date by which the Commission shall either approve or disapprove the proposed rule changes (File Nos. SR-NYSE-2013-72 and SR-NYSEMKT-2013-91).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Kevin M. O'Neill,
Deputy Secretary.

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⁹ 15 U.S.C. 78s(b)(2).

¹⁰ 17 CFR 200.30-3(a)(57).